

FISCAL NOTE
HB 1515 - SB 1998

March 19, 2007

SUMMARY OF BILL: Limits local government's financial exposure on bridge replacement projects undertaken as part of the federal BRZ (Bridge Off System) program or any other similar federal program. Requires the state be liable for any and all increased costs that exceed 125% of the initial projected cost share of the local government.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures - \$2,550,000 / Highway Fund

Decrease Local Govt. Expenditures - \$2,550,000

Assumptions:

- Applies to state and local agreements in place on effective date of bill.
- According to TDOT, the department estimates 15 BRZ projects and 15 other projects within similar federal programs each year.
- Local governments pay standard 20% of project costs.
- According to TDOT, and based from 30 recent BRZ projects, the average initial project cost is approximately \$700,000 (local share equals \$140,000). The average actual project cost is approximately \$1,300,000 (local share equals \$260,000).
- 125% of the average initial project cost is \$175,000 ($\$140,000 \times 125\% = \$175,000$).
- The increase to state expenditures is estimated to be \$85,000 per project ($\$260,000$ actual local government cost - $\$175,000$ local government limit = $\$85,000$).
- The increase to state expenditures is estimated to be \$2,550,000 per year ($\$85,000 \times 30$ annual projects = $\$2,550,000$). Local government expenditures would decrease by the same amount.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director